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C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000774

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TAGS: [AJ](#) [PREL](#) [PGOV](#)
SUBJECT: SNAPSHOT: AZERBAIJAN-IRAN BORDER ACTIVITY
REF: NONE

Classified By: Acting DCM Robert Garverick

11. (C) SUMMARY: Cross-border activity between Azerbaijan and Iran at the pedestrian and truck crossing in Astara seems fairly limited but has increased over the past few years. Continued expansion is projected at both locations as Iranians seek more opportunities in Azerbaijan and as trade expands among countries between Dubai through Russia. Those familiar with the pedestrian crossing reported an increasing number of Iranians coming to Azerbaijan on a daily basis to buy Chinese-manufactured goods and to a lesser extent to experience freedom, on long weekends and holidays. The number of Azerbaijanis crossing into Iran is much lower due to strict Government of Azerbaijan import rules, lack of interest in Iranian goods, and negative attitudes toward Iran and its people. The commercial truck volume at the border is about equal on both sides with the highest transiting levels in winter months. The continued rise in truck crossings from Iran into Azerbaijan is attributed to the ever growing consumer demand from Russia to southern Azerbaijan for goods exported from Dubai. Iranian goods exported north are mainly agricultural goods and meat products. Iran imports via Azerbaijan a significant amount of Russian agricultural and commercial equipment, heavy metal, and construction material. Iran also uses this route to ship similar items from other Commonwealth Independent States. Illicit drugs, black market Iranian gasoline/diesel and cigarette smuggling were reported as problems along both borders. END SUMMARY.
First visit to Astara

12. (C) Polecon officer spent three days in mid-August in southern Azerbaijan including one day observing activity at the pedestrian and commercial border crossings at Astara. Polecon officer also visited several indoor and outdoor markets in a number of southern towns to review the variety of goods being sold from Iran. The overall purpose of the trip was to gain insight into cross-border engagement and Iranian influence on Azerbaijan in general. Information for this report was based primarily on two lengthy interviews with two long-term observers of border activities: Ali a businessman whose store has been operating ten-feet from the pedestrian crossing for twelve years, and Murad, chief of operations for five years at the Astara commercial truck crossing.

Volume at Foot Border Crossing

13. (C) According to Ali approximately 200 Iranians cross the pedestrian border into Astara, Azerbaijan, every day and during weekends and holidays the number can reach 800-1000. Two years ago, approximately 100 crossed during the week and maybe 500 made the trek on weekends. The number of Azerbaijanis crossing into Iran is much less, ranging from 60 during the week and a maximum of 300 during the weekends. Ali said his information was based on recent data released by the local customs office. Other area vendors interviewed

reported similar numbers. (NOTE: Polecon officer could not verify these statistics or other data with customs officials as they declined our request for an interview on grounds that they had no authority to talk to USG officials.)

Volume and the Commercial Truck Crossing

14. (C) At the commercial truck-only entrance in Astara, Murad reported an average of 50 trucks cross into and another 50 cross out of Azerbaijan per day during the summer season. From September to May, the volume increases to approximately 100 on each side daily. Over his three years as chief of operations, he has seen a steady increase in truck volume on both sides. He expects numbers to continue to rise from Iran into Azerbaijan because of the large volume of goods going from Dubai to Azerbaijan and through to Russia.

Activity at the Foot Border

15. (C) At the pedestrian-border, Ali and other venders interviewed believe Iranians come primarily to Azerbaijan for the vast array of Chinese manufactured goods and, to a lesser extent, for tourism and family visits. Ali said Iranians just "cannot get enough Chinese"--buying everything from Chinese clothing, household goods, to pirated DVDs and music. To back up his statement, Ali pointed out his window where six separate Iranian families were busily stuffing their purchases of pans, toys, and clothing into big bags before heading home. Another vender outside the custom gate, specializing in faux-designer perfumes and makeup from China,

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said he makes about thirty sales a day. As evidence of his brisk business, he showed off a wad of Iranian rials. No one could explain the Chinese-buying phenomenon. Specifically, they did not know whether Chinese goods were not available in Iran or if they were available there but cheaper in Azerbaijan. According to the venders, the Iranians take full advantage their government policy which allows them to bring back a maximum of 30 kilos of goods.

16. (C) Venders also cited tourism as a reason for Iranians crossing into Azerbaijan. Those questioned offered a number of reasons Iranians spend holidays in Azerbaijan, all were related to "freedom." Responses ranged from: Iranian women can dress as they please; drinking alcohol is legal; and Baku offers dance clubs and bars.

17. (C) Ali suggested that coming to Azerbaijan for family visits was infrequent. Ali said Iran and Azerbaijan do not have a high rate of family members straddling the borders that are in close contact. According to Ali, the division of Azerbaijan between Iran and Russia in the nineteenth century followed by the Soviet "take over and enforcement of strict border controls" in the twentieth century, has contributed to the estrangement between families living along both borders. Ali added that he may be Azeri, but if he had "a hundred daughters," he still would not allow "even one of them to marry an Iranian-Azeri...they are just too religious."

18. (C) Ali and other venders reported the number of Azerbaijanis crossing into Iran is lower because of GOAJ's strict import rules and the lack of interest in visiting such a conservative state. GOAJ only permits an Azerbaijani to return from Iran with eight kilos of goods. Ali explained, up until about eight months ago, Azerbaijanis were permitted to bring in thirty kilos and many would cross into Iran to buy food and drink-- particularly produce, meat, and water. These items are much cheaper in Iran and most produce is available year round. But the GOAJ, grew increasingly concerned that local producers would suffer and thus restricted the rate to eight kilos. GOI immediately reciprocated by restricting Azerbaijanis from entering Iran with more than eight kilos of goods. This affected

Azerbaijanis who were used to bringing 30 kilos of Chinese goods into Iran to sell to eager buyers. (NOTE: Iranians, at this time, are still able to return to Iran with 30 kilos of goods from Azerbaijan.)

¶9. (C) Ali and others said crossing into Iran was also undesirable because there is "nothing to do" in Iran and the people are "unfriendly." One vender said it,s "too religious for me" while another described Iranians as "sneaky" and "untrustworthy." Others commented Iranians were just "too different" from Azerbaijanis. (NOTE: This sentiment matches the results reached in a 2007 survey conducted in Azerbaijan. Of 59 Azerbaijanis polled, only six percent responded that Iran was a "friendly nation" to Azerbaijan. When asked to identify an "enemy state," Iran ranked number two after Armenia and preceeding Russia.)

Activity at the Commercial Truck

¶10. (C) Murad said trucks from Iran are hauling a variety of goods with the main destinations as Azerbaijan, Russia, and other Commonwealth Independent states (CIS). Iran exports a large quantity of produce, particularly in the winter months when it is about the only regional country still growing most fruits and vegetables. Murad also mentioned construction material as a major export from Iran. Murad prescribed the increase in commercial activity at the border to a growing demand for goods coming from Dubai, particularly in terms of automobiles and associated parts. Overall, he reported Iran produces little that is competitive in the international market. He said in the nineties, Iran was flooding Azerbaijan with household goods, furniture and other finished products. By the 2000, Turkey and China had overtaken the market as they both provided similar items but of better quality and price. (NOTE: This opinion was expressed several times by sellers interviewed in area markets in the south and in Baku. In visits to six shopping districts and two outside markets in bordering towns, polecon officer saw few Iranian products for sale. The vast majority of goods were from China, Turkey, and Russia. The few common Iranian-made products found were bottled water (Vata brand), dried apricots, spice, and plastic containers for food stuffs.)

¶11. (C) Murad said Azerbaijani trucks primarily export scrap metal to Iran and produce and meat through Iran to Gulf countries. Russian trucks frequently use the border to ship goods to Iran. They send a lot of processed food as well as machinery and industrial equipment for commercial and

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agriculture businesses.

Illicit goods a problem at both border crossings

¶12. (C) Ali, Murad and others reported a significant level of illicit drug trade along the borders. They blamed Iran and Afghanistan for the supply problem and Russia and Europe for the demand side of the issue. They, however, stressed illicit drugs is not a new problem, but both agreed it has increased over the past five years. Ali said just the day before an Iranian woman crossing into Azerbaijan was detained by Azerbaijan,s custom guards for attempting to smuggle 35 kilos of hashish into Astara. (NOTE: Many Azerbaijanis in Baku and in the south have told polecon officer their country has a serious drug problem and blame Iran. Interestingly, in three separate conversations on this topic, the interviewee argued the GOI is flooding Azerbaijan with drugs to addict young Azerbaijan in an effort ruin the country,s future.)

13.(C) Murad, Ali and other area venders said Iranians are frequently caught trying to smuggle alcohol and pornography into Iran from Azerbaijan. There is a problem with black market gasoline and diesel entering Azerbaijan as Iranian fuel has historically been cheaper. (NOTE: Several

Azerbaijanis have told polecon officer that fuel smuggling has declined along the border because of the crackdown by both governments on the activity and GOI's reduction in gasoline/diesel subsidies and more stringent rationing programs.) Both sides have groups active in cigarette smuggling. According to all interviewed, illicit activity continues largely unabated because of demand and corrupt border guards.

¶14. (C) All interviewed with the exception of Murad, argued custom guards on both sides are unfriendly and corrupt. Murad,s only comment about the border guards was that cooperation between the two states, custom services was minimal.

¶15. (C) COMMENT: Post recognizes the report's conclusions are limited due to brevity of the visit. Post via its Iran-watcher intends to continue such fact-finding trips to the south and throughout the country to improve our understanding of the depth of Azerbaijan-Iranian engagement and Iranian influence on Azerbaijan in general.

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